

Service Date: April 29, 1981

DEPARTMENT OF PUBLIC SERVICE REGULATION  
BEFORE THE PUBLIC SERVICE COMMISSION  
OF THE STATE OF MONTANA

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IN THE MATTER of the Application of)	UTILITY DIVISION
the MOUNTAIN STATES TELEPHONE and )	
TELEGRAPH COMPANY (MOUNTAIN BELL )	DOCKET NO. 80.12.100
for Authority to Increase Rates )	
and for Approval of Tariff Changes )	ORDER NO. 4786a
for Telecommunications Service. )	

\* \* \* \* \*

AMENDED INTERIM RATE ORDER

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FINDINGS OF FACT

1. On December 5, 1980 Mountain Bell filed application for authority to increase rates in the amount of \$30,586,000. Concurrent therewith Mountain Bell filed its Verified Application for Interim Rate Increase in the full amount of its general application.

2. On April 8, 1981 the Commission issued its Order No. 4786 which granted interim relief in the amount of \$3,070,000.

3. Order No. 4786 directed that the \$3,070,000 amount should be recovered by re-pricing those vertical terminal equipment offerings (with the exception of secretarial bureau equipment) which are currently priced below fully distributed cost. Fully distributed cost methodology was defined and derived in Docket No. 6714, Order No. 4706. Order No. 4786 provided that the margin between current rates and fully

distributed cost for those offerings should be reduced on an equal percentage basis.

4. In issuing Order No. 4786 the Commission failed to consider the fact that standard telephone sets (which are a vertical terminal equipment offering) have not yet been disaggregated from monthly basic exchange rates. This being the case it would not be practical to re-price standard telephone sets at this time. Therefore, the re-pricing of vertical terminal equipment for the purpose of granting interim rate relief should not involve standard telephone sets.

5. The Commission finds that its earlier direction to reprice vertical terminal equipment should be further clarified as follows:

- a) Repricing should apply to recurring charges only.
- b) For items of Key and PBX equipment which are offered under the existing Two-Tier Payment Plan, repricing should apply to Tier B payments only.
- c) Repricing of vertical terminal equipment should be at the level necessary to generate \$3,070,000 in additional annual revenues after allowing for changes in Independent Company Settlements.

6. Consistent with these clarifications, \$3,070,000 in additional annual revenues (net of independent company settlements) should be generated as follows:

Data Equipment	\$ 245,179
Key Telephone Equipment	787,882
Private Branch Exchange (PBX)	1,204,023
Service Observing Equipment	394
Special Assemblies of Equipment	168,672
Special Systems and Services	2,189
Supplemental Equipment	140,541

Princess and Trimline Telephones	<u>1,060,809</u>
TOTAL	\$4,609,689
Independent Co. Settlements	<u>(539,696)</u>
NET REVENUE EFFECT	\$3,069,993

#### CONCLUSIONS OF LAW

1. Applicant, Mountain States Telephone and Telegraph Company, is a corporation providing telephone and communications services within the state of Montana and as such is a "public utility" within the meaning of Section 69-3-101, MCA.

2. The Montana Public Service Commission properly exercises jurisdiction over the Applicant's Montana operations pursuant to Title 69, Chapter 3, MCA.

3. Section 69-3-304, MCA, provides, in part, "The Commission may, in its discretion, temporarily approve increases pending a hearing or final decision. "

4. The rate levels and spread approved herein are a reasonable means of providing interim relief to Mountain Bell. The rebate provisions of Section 69-3-304, MCA, protect ratepayers in the event that any revenue increases authorized by this Order are found to be unjustified in the final order in this Docket.

#### ORDER

THE MONTANA PUBLIC SERVICE COMMISSION ORDERS THAT:

1. Order No. 4786 is amended to delete standard telephone sets from the re-pricing of vertical terminal equipment for the purposes of generating interim rate relief.

2. Order No. 4786 is further amended to include the clarifications set forth in the Findings of Fact portion of this Order.

3. Mountain Bell is authorized to file tariffs re-pricing vertical terminal equipment offerings in the manner prescribed in Order No. 4786 as modified by this order. Such re-pricing shall be to the degree necessary to produce \$3,070,000 in additional annual revenues net of independent company toll settlements.

4. Interim revenues granted herein are subject to rebate should the final order in the docket determine that a lesser increase is warranted. Such a rebate would include interest at 10 percent per annum.

DONE IN OPEN SESSION this 27<sup>th</sup> day of April, 1981 by a vote of 3-1.

BY ORDER OF THE MONTANA PUBLIC SERVICE COMMISSION.

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GORDON E. BOLLINGER, Chairman

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HOWARD L. ELLIS, Commissioner

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THOMAS J. SCHNEIDER, Commissioner

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JOHN B. DRISCOLL, Commissioner  
(Voting to Dissent)

ATTEST:

Madeline L. Cottrill  
Secretary

(SEAL)